IN THE

Supreme Court of the United States

OCTOBER TERM, 1961 2

NO. ~~199~~ 58

United States of America,
Appellant,

v.

The Philadelphia National Bank and
Girard Trust Corn Exchange Bank

JOINT APPENDIX OF APPELLEES TO MOTIONS TO AFFIRM

On Appeal from the United States District Court for the Eastern District of Pennsylvania

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DEFENDANTS' REQUESTED FINDINGS OF FACT AFFIRMED BY THE COURT.

I. The Background of This Proceeding.

(1) This action was filed on February 25, 1961 to enjoin the proposed merger of The Philadelphia National Bank and Girard Trust Corn Exchange Bank, hereinafter referred to as PNB and Girard respectively. The Complaint was filed under Section 4 of the Sherman Act (15 U.S.C. § 4) and Section 15 of the Clayton Act (15 U.S.C. § 25) for injunctive relief against alleged violations of Section 1 of the Sherman Act (15 U.S.C. § 1) and Section 7 of the Clayton Act (15 U.S.C. § 18) respectively.

(2) PNB is a national bank chartered on October 20, 1864 under an Act of Congress approved June 3, 1864. Girard is a state bank chartered on March 17, 1836 by Act number 128 of the Pennsylvania Legislature.

(3) On November 15, 1960 the Boards of Directors of PNB and Girard approved a proposed merger of the two banks, and on December 20, 1960 the two Boards approved a written Agreement of Consolidation to be effected in accordance with the provisions of the national banking statutes, 12 U.S.C. § 215.

(4) On November 15, 1960, PNB and Girard filed an Application with the Comptroller of the Currency for approval of the proposed merger under the Bank Merger Act of May 13, 1960, 12 U.S.C. § 1828(c).

(5) As required by the Bank Merger Act the Comptroller requested and received from the Federal Reserve Board, the Federal Deposit Insurance Corporation and the Attorney General advisory reports on the competitive factors involved in the proposed merger.

(6) Following receipt of these reports, the Comptroller, on February 24, 1961, approved the proposed merger after giving consideration to each of the seven factors set forth in the Bank Merger Act; he concluded with respect to competition that the merger would be beneficial to international and national competition and would not be unfavorable to local competition because an adequate number of alternative sources of banking service would remain after the merger.

(7) On May 9, 1961, the meetings of the shareholders of the respective banks were held and the Agreement of Consolidation duly approved.

(8) In the consummation of the proposed merger neither PNB nor Girard will acquire the stock or share capital of the other.

II. Nature of the Commercial Banking Business.

(9) By its nature, commercial banking is wholly different from industrial or commercial businesses.

(10) Banks are subject to extensive regulation by law and by the Federal Reserve Board, the Comptroller of the Currency, the Federal Deposit Insurance Corporation and state banking authorities.

(11) The principal purpose of the extensive government regulation of commercial banks which prohibits unrestricted competition is to protect their depositors.

(12) Governmental regulation of commercial banking has the effect of sharply limiting the scope and character of competition among commercial banks.

(13) Commercial banks are not permitted to pay interest on demand deposits. The maximum interest which

commercial banks are permitted to pay on time and savings deposits is fixed by law.

(14) Banks are restricted in the nature, amount, volume and purpose of loans they are permitted to make. All national banks and banks chartered in Pennsylvania and most other states are in general not permitted to have outstanding loans to any one customer in an amount in excess of 10% of their capital and surplus.

(15) The amount of money and credit in the banking system is directly affected by the reserve requirements, the rediscount rate and the open market practices of the Federal Reserve System.

(16) Maximum interest rates on loans are fixed by law in Pennsylvania.

(17) Minimum interest rates on loans are directly affected by the reserve requirements and open market practices of the Federal Reserve Board, by the rediscount rate fixed by the Federal Reserve Banks, and by the "prime rate" established by the nation's largest banks for their customers with the highest credit standing.

(18) Neither PNB nor Girard has, nor would the merged bank have, any influence in connection with the matters covered by Requested Findings 15 and 17 above.

(19) Entry into the banking business and the opening of branches are strictly regulated in order to protect existing banks from excessive competition, and are permitted only upon a showing that there is adequate banking business in the area to support both the existing banks and the proposed bank or branch.

(20) As a result of restrictions on entry there are thousands of communities in the United States with but one commercial bank.

Defendants' Findings.

d and PNB may establish branches only and the three Pennsylvania counties con-Bucks, Delaware and Montgomery).

ercial banks are subject to regulation to ir investments are of high quality.

are in practice subject to strict liquidity hich affect the type of assets a bank may amounts it may make.

anking practice establishes maximum nk's total loans to its capital, its deposits

are subject to inspection and control by es who make periodic and thorough exami-tions to determine compliance with bank-who may require that changes be made or loan-deposit ratios or liquidity position deviates substantially from accepted

e requirements, required ratios, liquidity vestment limitations and other require-fect of reducing banks' profit margins and bank's ability to engage in price com-

great part of a bank's earnings are derived, without which it could not conduct its deposits are received from the bank's cus-withdrawn by them at any time.

competition is at the most a minor factor in commercial banks, and in most banking cant.

(29) Interest rates on loans generally fall between the maximum fixed by law and the prime rate.

(30) Within the maximum and minimum rates fixed by law and the operation of the banking system, the interest rate which a bank charges depends primarily upon the borrower's credit standing.

(31) Commercial banks do not generally compete in the evaluation of credit standing in the making of loans; lending officers base credit evaluations on the same factors and their evaluations are generally similar.

(32) Banks do not engage in significant interest rate competition; to do so would quickly exhaust a bank's lending capacity and cause it to become over-loaned.

(33) A bank cannot raise its interest rates above the going rates without losing borrowers to other banks.

(34) Price is of minor importance in competition among commercial banks for savings accounts.

(35) Price competition for time deposits is a minor factor as between commercial banks within the same state because all commercial banks pay the maximum allowed by law.

(36) Service charges are a minor factor in competition.

(37) The principal factors in competition among commercial banks are convenience, quality of service, personal relationships, and the capacity to meet the requirements of the customer.

(38) Commercial banks do not compete in expanding credit; it is an incident of their lending function and a function of the whole banking system in conjunction with the Federal Reserve System.

(39) Safety is no longer a factor in competition between small and large banks. Deposit insurance has enabled the smallest banks to compete with the largest in this respect.

(40) Large commercial banks do not have a competitive advantage for business within the range of the resources of smaller banks. In that range, small banks are able to compete as effectively as large banks.

(41) The growth of a small bank is not adversely affected by the existence of a large competing bank; in most cases small banks grow faster than large banks, which find it difficult to maintain their positions relative to small banks.

(42) Large banks do not treat small businesses less favorably than do small banks; having greater resources, large banks are willing to take greater credit risks than small banks.

(43) The ratio of loans to assets of a bank increases with its size.

III. Commercial Banking Markets.

A. Geographic Markets.

(44) Competition in commercial banking is comprised both of the active rivalry of commercial banks and other institutions seeking to sell their services, and of the existence of alternative sources of such services for the banks' customers. Both exist in competition for commercial banking services in Philadelphia and the Delaware Valley.

(45) Commercial banks sell their services in local, regional, national and international markets. These markets overlap and are difficult to define.

(46) The customer's geographic market for banking services is determined by the location of the alternative sources from which he can obtain these services.

(47) The geographic location of the customers of PNB and Girard does not determine the geographic market in which customers of the bank may obtain banking services.

(48) The fact that PNB and Girard branches are limited to the four-county area, consisting of Philadelphia, Bucks, Montgomery and Delaware Counties, does not limit either the geographic source of their business or the location of the alternatives available to their customers.

(49) Customers are not restricted by political boundaries in the choice of banks or other financial institutions.

(50) PNB and Girard draw substantial business from customers located outside the four-county area in which they operate branches. PNB, Girard and other Philadelphia area banks derive substantial business from the entire ten-county Delaware Valley area, consisting of the above four counties and Chester County, Pennsylvania; Burlington, Camden, Gloucester and Mercer Counties, New Jersey; and New Castle County, Delaware. Much of the merging banks' business originates outside the ten-county area.

(51) The four-county area has no better claim to be the primary geographic source of defendants' business than any of several other areas or combination of areas. For instance:

(a) Defendants, combined, derive a greater amount of their commercial and industrial loans from the northeast United States outside the Third Federal Reserve District than they do from Bucks, Delaware and Montgomery Counties.

(b) Defendants grant a greater dollar amount of lines of credit to customers outside than to customers inside the four-county area.

(c) Defendants draw less business time deposits from Bucks, Delaware and Montgomery Counties than from each of the following areas: the other six counties of the ten-county Delaware Valley area outside of Philadelphia, the rest of the Third Federal Reserve District outside Delaware Valley, and the northeast United States outside the Third Federal Reserve District.

(d) PNB derives a smaller amount of all its business demand deposits from Bucks, Delaware and Montgomery Counties than it does from the northeast United States outside the Third Federal Reserve District.

(e) Defendants make to customers outside the four-county area more than 80% of their loans (in dollar amount) to domestic banks, to foreign banks, to other financial institutions, and to purchase or carry securities, and more than 60% of their miscellaneous loans.

(52) In the areas from which PNB and Girard derive their business their customers have as active alternative choices not only other commercial banks in such areas but also commercial banks located outside such areas:

(a) Large banks from large cities throughout the country solicit business in the Philadelphia area on an intensive and regular basis.

(b) The business solicited by New York and other banks include loan, deposit and corporate trust services, correspondent bank business, personal trust and other business.

(c) Banks from New York and other cities derive substantial business from Philadelphia.

(d) In such fields as the financing of mobile homes, the financing of prefabricated houses, tuition financing, and real

estate mortgages Philadelphia banks compete with banks and other institutions located in many areas outside the four counties.

(e) At least 68% in dollar volume of defendants' combined commercial and industrial loans are made to, and at least 64% in dollar volume of defendants' combined demand deposits from partnerships and corporations are received from, customers whose banking choices include commercial banks located outside the four-county area.

(53) Taking into consideration both the location of PNB's and Girard's business and the location of the alternative choices available to their customers, the market area for every service offered by PNB or Girard other than savings deposits is larger than the four-county area, varying from the ten-county Delaware Valley area up to the entire United States or the world.

(56) Plaintiff has introduced no evidence bearing on defendants' proportion of the entire banking business done within the four-county area by all banks deriving business from that area, in any category of business.

(57) Plaintiff has introduced no evidence bearing on defendants' proportion of the entire banking business done in any selected area by all banks deriving business from that area, in any category of business.

IV. Commercial Banking in the Delaware Valley.

(93) As of June 30, 1960 PNB had assets of $1,064,335,000, deposits of $924,495,000 and loans of $523,612,000. As of the same date Girard had assets of $740,920,000, deposits of $650,790,000 and loans of $399,362,000.

(94) PNB does business through 28 banking offices of which 11 are located in Philadelphia, 5 in Bucks County, 5

in Delaware County and 7 in Montgomery County. Girard does business through 39 banking offices of which 21 are located in Philadelphia, 12 in Delaware County and 6 in Montgomery County.

(95) As of December 31, 1960 there were 17 commercial banks with main offices in Philadelphia (including Brown Brothers Harriman, a private bank with offices in New York and a substantial office in Philadelphia); in addition First Camden National Bank and Trust Company, with its main office in Camden, New Jersey, has an office in Philadelphia. There are 100 additional commercial banks with main offices in the 9 counties adjacent to Philadelphia, consisting of 9 in Bucks County, 1 in Delaware County, 14 in Montgomery County, 19 in Chester County, 17 in Burlington County, New Jersey, 9 in Camden County, New Jersey, 13 in Gloucester County, New Jersey, 10 in Mercer County, New Jersey, and 8 in New Castle County, Delaware. Many of these banks operate through multiple offices; there are 284 commercial banking offices in Philadelphia, Delaware, Bucks and Montgomery Counties and more than 400 banking offices in the ten counties described above.

(96) Notwithstanding the decrease in the number of banks in the four-county area, from 1947 to 1960 the number of banking offices in that area has risen from 178 to 283.

(97) The increase in population and the expansion of industry and commerce in the Philadelphia area led to a need for larger banks; many small banks were inadequate to care for the increasing banking needs of the communities in which they were located.

(98) Small banks in the Philadelphia area have found mergers with larger banks a solution to their problems of inadequate banking services, rising costs and management succession.

(99) Merger with existing banks in the suburban and rural areas around Philadelphia was in many cases the only feasible way for larger banks to follow their customers into these areas.

(100) PNB and Girard have opened new branch offices in the four-county area to serve existing customers and to participate in the growth of new communities.

(101) Prior to 1951, PNB and Girard Trust Company were wholesale banks dealing primarily with large customers, Girard Trust Company also having a large trust business.

(102) In response to significant changes in the location of their customers, the expansion of commerce and industry in the Philadelphia area, and the increase in importance of small customers, PNB and Girard Trust Company changed their policies; since 1951 PNB has begun retail banking services and entered the personal trust and consumer credit fields, and Girard embarked on many retail banking services following the merger in 1951 of Girard Trust Company with Corn Exchange National Bank and Trust Company.

(103) Following mergers by PNB and Girard with smaller banks in the neighboring communities, the banking services available to members of those communities have increased substantially; many of these services were not previously offered by the local banks.

(104) The size of loans, secured and unsecured, which PNB and Girard officers at branch locations may make on their own authority is substantially greater than the loans previously available at the local banks; as a result borrowers are able to obtain larger loans and obtain them more quickly from Girard and PNB branches than was previously the case at the local banks.

(105) Industries located in the areas served by PNB and Girard branches, which were not having their borrowing requirements met by the local banks, are now being taken care of.

(106) More funds are available for loans through PNB and Girard branches than were previously available through local banks; in each of PNB's branch divisions the ratio of loans to deposits is substantially higher than the ratios previously maintained by the local banks with which PNB merged.

(107) The effect of bank mergers in the Philadelphia area has been substantially to increase and sharpen competition among commercial banks; competition is more intense now than when there was a much greater number of banks.

(108) There is no evidence that any prior merger in the Philadelphia area restrained trade or handicapped the growth of smaller banks.

(109) During the period 1951 to 1960, PNB and Girard experienced deposit growth of 13.9% and 14.4% respectively, compared to an average of 21.9% of all 17 banks with head offices in Philadelphia (including Brown Bros. Harriman & Co.).

(110) During the period 1951 to 1960, 12 of the other 15 banks in Philadelphia, including 3 of the 4 smallest, experienced a percentage deposit growth greater than that of either PNB or Girard; 11 of these 12 experienced growth greater than the 21.9% average of all such banks and 6 of these experienced such growth in excess of 40%.

(111) A new bank has been established in the last decade just outside Philadelphia and has experienced rapid and substantial growth.

(112) Several of the smaller Philadelphia banks have opened new branches in the center of the city in recent years; these offices have successfully competed with the center city offices of the larger banks.

(113) During the period 1951 to 1960, every one of the 9 commercial banks with main offices in Bucks County experienced percentage deposit growth greater than that of either PNB or Girard, the smallest being 30.5% and the largest being 112.5%.

(114) During the period 1951 to 1960, the only commercial bank with a main office in Delaware County experienced percentage deposit growth of 95.4%, over six times as great as that of either PNB or Girard.

(115) During the period 1951 to 1960, 13 of the 14 commercial banks in Montgomery County experienced percentage deposit growth greater than that of either PNB or Girard, the smallest of the 13 being 18.7%, four being in excess of 90% and one being 1,116%.

(116) During the period 1951 to 1960, 17 of the 19 commercial banks with main offices in Chester County experienced percentage deposit growth greater than that of either PNB or Girard, the smallest of the 17 being 16.3%, nine being in excess of 40% and the largest being 128%. The remaining two of the 17 had growth of 13.1% and 14.0% compared to the 13.9% and 14.4% of PNB and Girard respectively.

(117) During the period 1951 to 1960, all of the 17 commercial banks with main offices in Burlington County, New Jersey, experienced percentage deposit growth greater than that of either PNB or Girard, all but two being in excess of 40%, nine being in excess of 80% and the largest being 195.6%.

(118) During the period 1951 to 1960, all of the 9 commercial banks with main offices in Camden County, New Jersey, experienced percentage deposit growth greater than that of either PNB or Girard, the smallest being 49% and the largest being 162.4%.

(119) During the period 1951 to 1960, all but one of the 13 banks with main offices in Gloucester County, New Jersey, experienced percentage deposit growth greater than that of either PNB or Girard, the smallest being 18.8%, ten of them being in excess of 50% and the largest being 282.8%.

(120) During the period 1951 to 1960, all of the ten commercial banks with main offices in Mercer County, New Jersey, experienced percentage deposit growth greater than that of either PNB or Girard, eight of them being in excess of 50%, six of them being in excess of 75%, and the largest being 132.6%.

(121) During the period 1951 to 1960, all but one of the eight commercial banks with main offices in New Castle County, Delaware, experienced percentage deposit growth in excess of that of either PNB or Girard, the smallest of them being 25.2%, three being in excess of 90% and the largest being 458%.

(122) During the period 1951 to 1960, 107 of the 115 banks with main offices in the ten-county Delaware Valley area (including Brown Bros. Harriman & Co.), other than PNB and Girard, experienced percentage deposit growth greater than that of either PNB or Girard.

(123) The commercial banks in Philadelphia today are strong and vigorous competitors in offering commercial banking services to the public.

(124) The 100 commercial banks in the nine counties adjacent to Philadelphia compete in varying degrees with

PNB and Girard in offering banking services comparable to those offered by PNB and Girard within the range of the resources of such banks.

(125) PNB makes a substantial number of small loans as a matter of policy, reviews all loan applications rejected by branch officers, and has set up special programs for making loans to small businesses.

(126) During times of tight money Girard cuts back on its loans to large businesses rather than its loans to small businesses.

(127) The branch systems of PNB and Girard cover generally complementary areas; outside the center city area of Philadelphia there is scarcely any overlap between service areas of Girard and PNB branches, except in the 69th Street area where it is planned to close the PNB branch after the merger.

V. Effect of the Merger on Competition.

A. Banking Concentration.

(128) Banking concentration in a community is a product of the need for a bank large enough to meet the banking needs of commerce and industry.

(129) The amount of concentration of banking assets within a city or other geographic area is not a measure of competition within that area.

(130) A large industrial community benefits economically from the existence of competitive banks of all sizes.

(131) Of the ten largest metropolitan areas in the United States, Philadelphia, which is the fourth in size, would after the merger rank ninth on the basis of the relation of population to the largest commercial bank in each such city.

(132) If the 53 reserve and central reserve cities of the Federal Reserve System are ranked in the order of the percentage of total commercial banking assets in each city held by the largest commercial bank in that city as of June, 1956:

(a) Philadelphia would, after the proposed merger, rank 32nd with 36.16%;

(b) 26 cities exceed 40%;

(c) 14 cities exceed 50%; and

(d) 5 cities exceed 60%.

(133) If the same 53 cities are ranked in the order of the percentage of the total commercial banking assets in each city held by the five largest commercial banks in that city as of June 30, 1956:

(a) Philadelphia, after the merger, would rank 43rd with 83.82%;

(b) 36 cities exceed 90%; and

(c) 21 cities exceed 95%.

(134) There are four commercial banks in the United States, each with a lending limit greater than the aggregate of the lending limits of all the commercial banks in Philadelphia.

(135) Each of 20 commercial banks in the United States has a lending limit greater than that of any commercial bank in Philadelphia, and nine of these are in cities smaller than Philadelphia. Thirteen such banks, four of which are in cities smaller than Philadelphia, have a lending limit greater than that of the proposed merged bank.

(136) Of 224 cities with populations in 1956 over 50,000, 190 had a commercial bank with 35% or more of the total commercial banking assets in the city, and 96 had a bank with 50% or more of such assets.

(137) If 110 cities in the United States with populations of 100,000 or more are ranked in the order of the

percentage of total commercial banking assets in each city held by the largest commercial bank in that city as of June 30, 1956:

(a) Philadelphia would, after the proposed merger, rank 79th with 36.2%;

(b) 63 cities exceed 40%;

(c) 33 cities exceed 50%; and

(d) 12 cities equal or exceed 60%.

(138) Of the 34 most populous metropolitan areas in states, like Pennsylvania, with limited area branch banking, 17 would have a greater concentration of bank deposits in their five largest banks, 20 would have a greater concentration in their three largest banks, and 16 would have a greater concentration in their largest bank, than Philadelphia County would have after the proposed merger.

(139) Every city in Pennsylvania, and in the ten-county Delaware Valley area outside Pennsylvania, with a 1960 population over 100,000, has a commercial bank with a larger percentage of the commercial banking assets in that city, than Philadelphia would have after the proposed merger. There is adequate banking competition in each such city.

(140) Between 1940 and 1960:

(a) the percentage of deposits of all commercial banks in the United States held by the 100 largest banks decreased from 56.7% to 46.2%;

(b) the percentage of such deposits held by the 10 largest banks decreased from 26.4% to 20.3%; and

(c) the percentage of such deposits held by the largest one-half of 1% of banks decreased from 52.2% to 40.9%.

(141) In the 16 states which, like Pennsylvania, have limited area branch banking:

...ndants' Findings.

...ge of assets of all commercial banks
...e largest commercial bank decreased,
...% in 13 states; and
...e of assets of all commercial banks
...he five largest commercial banks de-
...ued 1950 in 10 states.

...most populous metropolitan areas
...e Country) in states with limited
...the percentage of assets of all com-
...ated held by the largest bank de-
...ed 1950 in 10 areas.

...evidence of adverse effects on busi-
...s a result of banking concentration

...evidence that there has been any
...petition or any restraint of trade
...tion in the United States of over
...which the local bank has had a
... the total bank assets than the
...e in Philadelphia.

...for the Mergers.

...would have no adverse effect on
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...ability of the merged bank to com-
...e would not adversely affect exist-
... large customers in Philadelphia
...ank.

...result of the merger would be loss
...al banks to other banks in the Phila-

...aining banks would be benefited
...able to share in the new banking
...t would bring to Philadelphia.

(149) The merger would not lead to an increase in service charges; the merged bank would have no power to cause other Philadelphia banks to raise their charges, or to impose on such banks its own charges.

(150) The merger would have no effect on interest rates on loans; the merged bank would have no power to cause other Philadelphia banks to raise their rates, or to impose on such banks its own interest rates.

(151) The merger would have no effect on interest rates paid on savings accounts.

(152) The merger would not affect the freedom of depositors to put their deposits in the bank of their choice; the merged bank would have no power to prevent or affect such free choice, or prevent its own depositors from withdrawing their deposits at any time.

(153) The merged bank would have no power to prevent any borrower from having his banking needs met by any other Philadelphia area bank.

(154) The merged bank would have no power to affect or control the total lendable money supply in the Philadelphia area.

(155) The merger would not adversely affect the availability of credit to small and medium-sized businessmen.

(156) The merged bank would have no competitive advantage over other banks in the opening of new branches.

(157) The proposed merger would have no adverse effect on competition in the Philadelphia area at the branch level.

(158) After the merger borrowers would have available the following alternative commercial banking choices

in Delaware Valley for the size of loan indicated, without regard to the number of banks outside that area which compete for the larger customer:

Loans	Number of Commercial Banks		
	Phila. Co.	4 Counties	10 Counties
Below $10,000	17	41	116
Up to $25,000	16	39	110
Up to $50,000	14	35	90
Up to $100,000	14	27	51
Up to $250,000	13	18	25
Up to $500,000	9	10	16
Up to $1,000,000	7	7	11
Up to $2,500,000	4	4	5
Up to $5,000,000	3	3	3
Up to $7,000,000	2	2	2
Up to $8,000,000	1	1	1
Up to $15,000,000	1	1	1

(159) Three accessible commercial banks are sufficient for a prospective borrower to determine whether a loan is bankable at the going rate of interest.

(160) The geographical distribution of banking offices in the Philadelphia area is ample to provide adequate competitive banking service to prospective customers throughout the area; this would not be affected by the merger.

(161) All types of customers, including small businessmen, would have ample alternative choices for commercial banking services after the merger.

(163) The merger would have no substantial adverse effect on competition in any geographic area for

(a) demand deposits of any type, including IPC demand deposits;

(b) time deposits of any type, including time deposits of partnerships and corporations;

(c) savings accounts;

(d) commercial and industrial loans;

(e) real estate loans;

(f) instalment loans to individuals;

(g) personal trust services;
(h) single-payment loans to individuals; or
(i) any other commercial banking service.

(164) There is no reasonable probability that the proposed merger would substantially lessen competition or tend to create a monopoly in any geographic area for any of the commercial banking services listed in Request 163 above.

(165) Even if commercial banking is treated as a whole, the proposed merger would have no substantial adverse effect on competition in commercial banking in any geographic area.

(166) There is no reasonable probability that the proposed merger would substantially lessen competition or tend to create a monopoly in commercial banking in any geographic area.

(167) With respect to commercial banking and each type of commercial banking service described in Request 163 above there would remain after the merger an adequate number of alternative choices for bank customers.

(168) Competition in commercial banking in the Philadelphia area would be even more intense after the merger than at the present.

(169) Competition in the regional, national and international markets would be increased by the merger by virtue of the new bank's increased ability to compete with large banks in other cities.

(170) The proposed merger is not motivated by an intent or purpose to restrain trade or adversely affect competition in any commercial banking service in any area.

(171) The proposed merger would not substantially and unreasonably increase concentration in commercial banking in the Philadelphia area.

(172) The proposed merger would not substantially and unreasonably lessen existing or potential competition in the commerce or industry served by commercial banks in the Philadelphia area.

VI. Convenience and Needs of the Philadelphia Community.

A. Need for the Merger.

(173) Philadelphia is the fourth largest city and metropolitan area in the United States; its port is first in the country on the basis of bulk tonnage and value of imports.

(174) Philadelphia is the center of a highly developed and diversified industrial and commercial complex known as "Delaware Valley". The community contains a substantial number of large industries whose development is as important to the community as that of smaller industries.

(175) It is desirable for a community to have a bank large enough to meet normal banking needs of its large businesses.

(176) Large companies in the Philadelphia area want to be able to do business with Philadelphia banks because of their connections with the community and it is important that they do so because of the close contacts which are required between their top officers and the bankers.

(177) Banks in Philadelphia have lagged far behind the growth of industry in the area and have not been able to meet its industry's banking needs.

(178) There is presently no Philadelphia bank large enough to serve adequately the banking needs of large industry in the Philadelphia area.

(179) The sizes of PNB and Girard have prevented them from meeting the banking needs of their customers for the following reasons:

(a) It is important for borrowers to be able to deal with a bank whose lending limit is sufficient to meet their entire borrowing needs or a substantial portion of such needs even though they may not borrow this amount at any one time.

(b) Aside from the lending limit, the size of the resources of a bank imposes a maximum limit on loans to certain customers beyond which it would be unsafe or unwise for the bank to lend.

(c) Both Girard and PNB have experienced the loss of business customers which have outgrown Philadelphia banks and have moved on to larger banks in other cities. Customers may leave a bank even though their borrowing requirements are still well below its lending limit in order to maintain a margin between their lines or loans and the lending limit of the bank.

(d) PNB and Girard are not large enough to develop the specialization which large borrowers require for their business.

(e) PNB and Girard are not large enough to develop the foreign service which customers dealing abroad require.

(180) Many industries with headquarters in or near Philadelphia go to New York and other cities for their major banking needs because no bank in Philadelphia is large enough to provide the funds and services necessary to meet their needs.

(181) The largest bank in Philadelphia ranks twentieth in the United States and is smaller than one or more banks in San Francisco, Pittsburgh, Boston, Detroit,

Cleveland and Dallas, all of which are smaller in population than Philadelphia.

(182) When the twelve largest metropolitan areas in the United States are ranked on the basis of various measures of economic activity, Philadelphia ranks fourth or fifth, whereas Philadelphia ranks ninth on the basis of the size of its leading bank.

(183) There are 17 commercial banks in New York City, each with a lending limit of $1,000,000 or more.

(184) In losing lending business to banks in other cities, Philadelphia banks likewise lose substantial deposits, personal trust business, and other business, which normally follow corporate borrowings.

(185) The merger is necessary in order to prevent any further loss of banking business by Philadelphia banks.

(186) It is impractical and uneconomic to overcome the inadequacy of the lending capacities of PNB and Girard by participating loans to other banks for the following reasons:

(a) Supporting deposits are required by banks as prerequisites for loans.

(b) To take a participation the participating bank will require a compensating deposit from either the originating bank or the customer.

(c) Large banks like PNB and Girard keep their balances with their large correspondent banks in amounts sufficient to compensate those banks only for check clearances and like routine services and not in amounts necessary to support loans.

(d) The participation of loans by small banks to their large city correspondent banks is not comparable to participations by large banks. Small banks keep substantial balances on deposit with their correspondents as reserves and as compensation for specialized services. These bal-

ances support loans participated to the large city correspondent bank.

(e) Large borrowers prefer not to deal with a number of participating banks because of the administrative burden, the added cost of maintaining deposit balances with a number of banks, and the time required in developing a new banking relationship.

(f) A large bank would run a substantial risk of losing customers and deposits if it participated loans to other large banks.

(g) The participation of a loan exceeding its lending limit by a large bank is rare.

(187) The multi-bank loans now shared by large city banks are wholly different from the type of participating loans which small banks give to or receive from large city correspondents; multi-bank loans are arranged by the borrower, which determines the identity of the participating banks and the amount to be allocated to each.

(188) The rate of increase of deposits of PNB and Girard combined from 1949 to 1959 was 12.31% compared to 54.62% for all banks in the United States.

(189) Merger is the only feasible way in which PNB and Girard can become large enough to meet the banking needs of the community; an adequate increase in size by the sale of stock is not feasible because of the cost and because of the dilution of the earnings available for existing shareholders, and an increase in size by the accumulation of retained earnings would take many years.

B. Benefits to the Community from the Merger.

(190) The increased total resources of the merged bank would enable it to create special departments for types of loans and industry groups, increase its services

to correspondent banks, establish departments to develop new services and develop the use of electronic equipment.

(191) The increased total resources of the merged bank would enable it to develop more fully its foreign services through increased investment in PNB's international investment corporation, the formation of an international banking corporation, the use of full-time representatives abroad and the possible opening of foreign branches.

(192) The increased total resources of the merged bank would enable it to improve and expand existing services and make them available to many more customers.

(193) The increased total resources of the merged bank and its $15,000,000 lending limit would enable it to make larger loans to more large corporations.

(194) The increased total resources of the merged bank would enable it to compete more vigorously and effectively with banks in New York and other cities.

(195) The new and improved services the merged bank would be able to develop and offer to large businesses would enable it to attract the substantial deposits which are maintained by customers in return for such services.

(196) The merged bank would attract additional deposits from large customers as compensating balances for loans; many such deposits remain on deposit with the lending bank after the loans are paid off.

(197) Large customers as a group maintain average deposits in amounts substantially greater than their average loans.

(198) The increased size of the merged bank would give it increased prestige which would assist in attracting banking business from outside the Philadelphia area in the national and international fields of competition.

(199) The merged bank would have additional funds available for lending to local borrowers by reason of its increased ability to prevent loss of deposits to other larger banks and to attract business in the national and international fields.

(200) The merged bank would be able to serve more adequately the banking needs of large industries in the community.

(201) The increased resources of the merged bank would enable it to make greater risk loans and thereby give greater assistance to new or growing companies.

(202) The merged bank would be better able to assist smaller Philadelphia banks in making loans which exceed the smaller bank's lending capacity.

(203) The merged bank would obtain a greater share of the future banking business of large customers than both together now receive; such business will otherwise go to large banks in other cities.

(204) The attraction of such new business by the merged bank would bring with it other banking business in which other Philadelphia banks would share.

(205) The existence of the merged bank would assist in attracting new business to locate in the Philadelphia area.

(206) The merger would have a beneficial effect on commerce and industry in the Philadelphia area.

(207) The improved foreign services of the merged bank would be an important factor in the development of the port of Philadelphia.

PLAINTIFF'S REQUESTED FINDINGS OF FACT AFFIRMED BY THE COURT.

I. Jurisdiction.

(1) This is an action by the United States under Section 4 of the Sherman Act and Section 15 of the Clayton Act.

(2) Defendant Philadelphia National Bank (PNB) is a banking association organized under the laws of the United States with its principal place of business at Philadelphia, Pennsylvania.

(3) Defendant Girard Trust Corn Exchange Bank (Girard) is a banking association organized under the laws of the State of Pennsylvania with its principal place of business at Philadelphia, Pennsylvania.

(4) Both defendants are engaged in interstate commerce.

(5) PNB is engaged in interstate commerce. It receives substantial amounts of deposits from sources in foreign countries and in states other than Pennsylvania, and makes substantial amounts of loans to borrowers in such other states and in foreign countries and conducts other banking business with customers in other states. In effecting these transactions it utilizes the United States mails, telephone and telegraph.

(6) Girard is engaged in interstate commerce. It receives substantial amounts of deposits from sources in foreign countries and in states other than Pennsylvania, and makes substantial amounts of loans to borrowers in such other states and in foreign countries and conducts other banking business with customers in other states. In effecting these transactions it utilizes the United States mails, telephone and telegraph.

II. DEFENDANTS.

A. Philadelphia National Bank.

(7) The Philadelphia National Bank was chartered on October 20, 1864 under an act of Congress of June 3, 1864. It merged in 1926 with Girard National Bank. At that time these banks were the first and fourth largest banks, respectively, in Philadelphia. In 1928 it merged with Franklin Fourth Street National Bank. It remained as a wholesale bank until 1951 when a decision was made to enter the retail banking and trust fields. Since 1951 PNB has acquired nine banks. In so doing it has acquired $42,078,000 in loans, $172,968,000 in deposits, and 18 offices.

(8) As of March 10, 1961, PNB conducted a general commercial banking business through 27 offices, 10 of which were located in Philadelphia, five in Delaware County, five in Bucks County, and seven in Montgomery County. During the trial PNB opened another office in Philadelphia.

(11) The financial history of PNB is excellent; the bank's capital position is adequate; the future earnings prospects of the bank are good, and the bank's general management is good.

B. Girard Trust Corn Exchange Bank.

(12) Girard Trust Corn Exchange Bank began business in 1835. Girard was primarily engaged in the trust business and accompanying banking services until 1940 when efforts were begun to develop commercial business and consumer credit loans. Until 1950 Girard had only one office. By the end of 1950 its deposits totaled $216,000,000, its capital funds were $19,000,000 and its personal trust assets had an estimated market value of one billion dollars. In the past ten years Girard has engaged in six mergers, by which it acquired $142,318,000 in loans, $412,784,000 in deposits, and 32 offices.

(13) Defendant Girard conducts a general commercial banking business through 38 offices of which twenty are located in Philadelphia, twelve in Delaware County, and six in Montgomery County.

(15) Girard has able and sound management, and its financial condition is strong.

(16) In the period December 31, 1951 to December 31, 1960, the deposits of PNB increased by 29 per cent and the deposits of Girard increased by 38 per cent. This percentage increase for Girard is in addition to the increase attributable to the merger of The Girard Trust Company and the Corn Exchange National Bank, which had been completed in June, 1951.

III. The Proposed Merger.

(18) Merger of PNB and Girard was first discussed in the spring of 1956 but these discussion were discontinued in the summer because a fair basis of exchange of shares could not be determined, and also to allow both banks to work out operating problems resulting from prior mergers.

(20) Merger discussions between PNB and Girard were resumed in April 1960 by Geoffrey Smith, chairman of the board of Girard, and Frederick A. Potts, president of PNB.

(21) By November 1, 1960, representatives of the two banks had agreed on the basis for an exchange of shares.

(22) The proposal that the defendant banks merge was presented to the boards of directors of the respective banks on November 15, 1960, and was approved. On the same day the application was filed with the Comptroller of the Currency in Washington, D.C.

(23) On December 20, 1960, the boards of directors of the defendant banks approved a form of agreement of merger, and on the same date the agreement of merger was duly executed by the appropriate officers of the defendants.

(26) Pursuant to the provisions of Section 18(c) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1828(c)), the Comptroller of the Currency requested and received reports concerning the competitive factors involved in the proposed merger from the Board of Governors of the Federal Reserve System, the Attorney General, and the Federal Deposit Insurance Corporation.

(27) The Comptroller of the Currency approved the proposed merger on February 24, 1961.

(28) The complaint in this action was filed on February 25, 1961.

IV. Trade and Commerce.

A. Commercial Banking as an Institution.

(32) Commercial banks are the only financial institutions in the United States authorized to receive demand deposits.

(35) One of the factors inducing customers of commercial banks to finance their purchases of consumer items through their bank is the fact that the commercial bank also performs other financial services for the customers.

(37) No other financial institution can provide all the services, including demand deposit and commercial loan services, provided by commercial banks.

(39) The Federal Reserve System controls the volume of credit in the country by establishing the percentage of their deposits which member banks must maintain as reserves, by raising or lowering the discount rate at which

...ff's Findings.

...rom the Federal Reserve, and by ...l States Government securities in

...nks which are members of the ...20 per cent must maintain on de- ...Reserve Bank or in currency in ...of 13½ per cent of their demand ...ral reserve cities or reserve cities ...cent if they are so-called country

...the depositors move into a reserve ...lling loans which reduce their re- ...inimum. In such cases banks may ...reserves above the minimum by ...l Reserve Banks or from corre- ...liquidating short-term securities ...ale.

...ection depositors in commercial ...solvency of the bank, there are ...ount a bank can lend to any one ...e investment in corporate stock ...t of the highest grade, and many ...d to protect the depositor against

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...r cent of the commercial banks ...ding 95 per cent of commercial ...and therefore regulated in part ...Insurance Corporation. Virtually

all Philadelphia banks including PNB and Girard are insured by the FDIC.

(47) National banks and state banks do a comparable general commercial business.

B. Unique Features of Commercial Banks.

1. Demand Deposits.

(49) Commercial banks are the only financial institutions in the United States authorized to receive demand deposits.

a. Short terms of loans.

(54) The heavy concentration in demand deposits on the part of commercial banks tends to restrict their lending to shorter term loans since they must be prepared to meet possible heavy demand from depositors to withdraw these deposits.

(55) The necessity for a commercial bank to maintain liquidity tends to channel its lending activities in the field of short-term financing, especially commercial loans.

(56) Commercial banks do not care to make long-term real estate type loans.

b. Role in transfer of funds.

(57) Only commercial banks provide checking account services.

(58) Most payments at the present time are made by the transfer of commercial bank demand deposits from one customer to another by the use of checks. This function of commercial banks cannot be performed by any other institution.

c. Commercial banks hold primarily demand deposits.

(59) The central element in the success of a commercial bank is its ability to attract and retain as much deposits as possible.

(60) Deposit liabilities are the predominant liabilities of Girard and PNB as they are for the commercial banking system in general.

(61) For the commercial banking system as a whole, two-thirds of total deposits are demand deposits and one-third are time deposits. PNB and Girard's ratios of demand deposits to total deposits is somewhat higher than two-thirds.

(62) In June of 1960, the average total of time and savings deposits of PNB and Girard was $253,900,000, and demand deposits of the two banks for the same period were $1,300,000,000. Thus, more than 83% of the combined banks deposits were in the form of demand deposits.

2. Commercial and Industrial Loans.

(63) For commercial banks the area of commercial and industrial loans is the most important type of loan.

(64) Customarily commercial banks do not lend more than 60 percent of their deposits.

(65) Commercial banks in the United States concentrate an average of roughly 40% of their loans in the field of commercial and industrial loans. PNB and Girard specialize in commercial loans to an even greater extent than the average bank.

(66) PNB, as of June 30, 1960, had approximately 57% in dollar amount of its loans in the commercial and industrial category. Girard, as of June 30, 1960, had approximately 49% in dollar amount of its loans in the commercial and industrial category.

(67) Commercial banks make short-term loans to businesses and individuals for operating expenses, inventories, and similar purposes.

(68) Commercial banks specialize in making commercial loans to business.

(70) Commercial banks generally seek to have their borrowers maintain 20% of their borrowings on deposit in the lending institution as a so-called compensating balance.

(72) Unsecured, short-term commercial loans are readily available to Philadelphia businessmen only from commercial banks.

Reliance of small and medium size borrowers on commercial bank loans.

(73) For commercial loans of $50,000 and under there is very little competition other than commercial banks. For certain of these loans which might conceivably be secured by accounts receivable, sales finance companies or factors may provide some competition.

(74) Customers of commercial banks cannot normally obtain loans from banks which do not have knowledge of the customers' credit standing.

(76) The vast number of commercial loans made in the United States are made to smaller sized business. Thus, in 1955, member banks of the Federal Reserve System made 503,000 commercial loans to businesses of under $50,000 assets; 415,000 such loans to businesses between $50,000 and $250,000; 126,000 such loans to businesses between $250,000 and $1,000,000; 38,000 such loans to businesses between $1 million and $5 million; 11,000 loans to businesses of from $5 to $25 million; 4,000 loans to businesses between $25 and $100 million, and 6,000 commercial loans to businesses of over $100 million in assets. Substantially the same pattern appears in the 1957 survey.

(77) Generally, a small business is one with assets of less than $250,000 and fewer than 500 employees. How-

ever, these general guidelines may vary according to the nature of the business being considered. The definitions contained in the rules and regulations of the Small Business Administration are a reliable guide to the "small business" in various industries.

(78) Small and medium size business is more dependent on commercial banks for the funds it needs than any other segment of borrowers.

(79) The Philadelphia area business firm population is primarily one of small enterprises. Thus, the area has 35,000 retailing establishments with 159,000 employees and 6,100 industrial establishments with employees numbering 477,000. There are also 5,900 wholesaling establishments with 73,000 employees.

(80) Small and intermediate sized business has very little opportunity to obtain external funds from institutional investors such as insurance companies, pension funds, and other financial intermediaries, nor does it have any better opportunity to derive short-term working capital from savings and loan associations, mutual savings banks and similar savings institutions. The commercial bank is the primary, and in practice the only regular, source for the recurring short and intermediate-term financing needs of small and intermediate-sized business.

3. OTHER FUNCTIONS PERFORMED BY COMMERCIAL BANKS WHICH CANNOT BE PERFORMED AS WELL, IF AT ALL, BY OTHER FINANCIAL INSTITUTIONS.

(81) Commercial banks provide a wide variety of trust services. Personal trust services include acting as investment manager and advisor, as trustee for employee benefit trusts, as executor, administrator, custodian, and in other capacities. Corporate trust services include acting as registrar or transfer agent, bond and coupon paying agent, and others.

(82) Some banks offer their corporate depositor customers an account reconciliation service, which includes making out checks for the depositor customer, sending out the checks, making up a statement for the depositor customer, and sending out the statements.

(84) Commercial banks are the channel through which most of the currency in circulation finds its way into the economy.

(85) Other services provided by commercial banks to corporate customers include money wire transfer, check collection, credit information, and payroll accounts.

4. Participations.

(88) Commercial banks frequently invite other banks to participate in loans which do not exceed their own lending limit if they are short of loanable funds or if they do not care to assume the entire risk of the requested loan.

(89) In a number of cases PNB has participated with other banks under a written agreement making loans which in total exceed PNB's lending limit or even the lending limit of any bank as well as loans which are well within PNB's limit. The interest rates on these loans vary.

(90) In a number of cases Girard has participated with other banks under a written agreement between the borrower and the banks for a loan in excess of Girard's lending limit or even the lending limit of any bank as well as loans well within Girard's limit. The interest rates on these loans vary.

V. The Four-County Area.

1. Loans, September 1960.

(259)

a. *Commercial and industrial loans.*

Table 1
(Ex. D-63, 1)

COMMERCIAL AND INDUSTRIAL LOANS
I. GEOGRAPHICAL DISTRIBUTION OF PHILADELPHIA NATIONAL BANK'S LOANS

[000 omitted in following $ amounts

Size of loan	Under $50,000		$50,000-$99,999		$100,000-$499,999		$500,000-$999,999		Over $1,000,000		Total	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF BORROWER												
Philadelphia	7,377	33	5,040	[illegible]	27,347	43	18,786	44	56,479	34	115,029	38
Bucks, Delaware and Montgomery Counties	9,305	42	4,838	[illegible]	12,152	19	4,859	11	18,599	11	49,753	16
Total 4 counties	16,682	75	9,878	74	39,499	62	23,645	55	75,078	45	164,782	54
Rest of 10-county area	864	4	631	5	4,514	7	3,698	9	17,145	11	26,852	9
Rest of 3d F.R.D.			1,519	11	6,379	10	3,789	9	13,303	8	29,598	9
Northeast U.S. outside 3d F.R.D.	4,608	21	749	5	8,480	13	5,823	13	33,227	20	48,279	16
Rest of U.S.			616	5	4,049	7	5,928	14	25,730	16	36,323	12
Foreign					495	1					495	
Total	22,154	100	13,393	100	63,416	100	42,883	100	164,483	100	306,329	100

TABLE 2
(Ex. D-63, II)

COMMERCIAL AND INDUSTRIAL LOANS
GEOGRAPHICAL SOURCE OF GIRARD TRUST CORN EXCHANGE BANK'S LOANS

[000 omitted in following $ amounts]

Size of loan	Under $50,000		$50,000-$99,999		$100,000-$499,999		$500,000-$999,999		Over $1,000,000		Total	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF BORROWER												
Philadelphia	16,167	51	7,658	56	33,872	57	13,199	46	28,429	46	99,325	51
Bucks, Delaware and Montgomery Counties	5,072	16	2,490	18	7,121	12	2,446	9	6,371	10	23,500	12
Total 4 counties	21,239	67	10,148	74	40,993	69	15,645	55	34,800	56	122,825	63
Rest of 10-county area	951	3	1,031	7	2,049	3	2,029	7			6,060	3
Rest of 3d F.R.D.			1,228	9	8,156	14	4,092	14	6,755	11	29,741	15
Northeast U.S. outside 3d F.R.D.	9,510	30	946	7	4,322	7	5,354	19	16,500	27	27,122	14
Rest of U.S.			255	2	1,788	3			2,130	3	4,173	2
Foreign			150	1	2,178	4	1,497	5	2,000	3	5,825	3
Total	31,700	100	13,758	100	59,486	100	28,617	100	62,185	100	195,746	100

TABLE 3
(Ex. D-63, III)

COMMERCIAL AND INDUSTRIAL LOANS
GEOGRAPHICAL DISTRIBUTION OF DEFENDANTS' COMBINED LOANS

[000 omitted in following $ amounts]

Size of loan	Under $50,000		$50,000-$99,999		$100,000-$499,999		$500,000-$999,999		Over $1,000,000		Total	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF BORROWER												
Philadelphia	23,544	44	12,698	47	61,219	50	31,965	45	84,906	37	214,354	43
Bucks, Delaware and Montgomery Counties	14,377	27	7,328	27	19,273	16	7,305	10	24,970	11	73,253	14
Total 4 counties	37,921	71	20,026	74	80,492	66	39,290	55	109,878	48	287,607	57
Rest of 10-county area	1,815	3	1,662	6	6,563	5	5,727	8	17,145	8	32,912	7
Rest of 3d F.R.D.			2,747	10	14,535	12	7,881	11	20,058	9	59,339	12
Northeast U.S. outside 3d F.R.D.	14,118	26	1,695	6	12,802	10	11,177	16	49,727	22	75,401	15
Rest of U.S.			871	3	5,837	5	5,928	8	27,860	12	40,496	8
Foreign			150	1	2,673	2	1,497	2	2,000	1	6,320	1
Total	53,854	100	27,151	100	122,902	100	71,500	100	226,668	100	502,075	100

b. *Loans to individuals, installment, September 1960.*

(261)

TABLE 4
(Ex. D-66, I)

LOANS TO INDIVIDUALS

GEOGRAPHICAL DISTRIBUTION OF GIRARD TRUST CORN EXCHANGE BANK'S LOANS TO INDIVIDUALS

[000 omitted in following $ amounts]

Type of loan	Consumer credit and other installment loans		Single payment loans to individuals		Total	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF BORROWER						
Philadelphia	20,098	36	39,039	58	59,137	48
Bucks, Delaware and Montgomery Counties	9,817	18	16,590	25	26,407	22
Total 4 counties	29,915	54	55,629	83	85,544	70
Rest of 10-county area	898	2	2,906	4	3,804	3
Rest of 3d F.R.D.	13,819	25	4,655	7	18,474	15
Northeast U.S. outside 3d F.R.D.	10 405	19	2,643	4	13,048	11
Rest of U.S.			1,542	2	1,542	1
Foreign						
Total	55,037	100	67,375	100	122,412	100

TABLE 5
(Ex. D-66, II)

LOANS TO INDIVIDUALS

GEOGRAPHICAL DISTRIBUTION OF PHILADELPHIA NATIONAL BANK'S LOANS TO INDIVIDUALS

[000 omitted in following $ amounts]

Type of loan	Consumer credit and other installment loans		Single payment loans to individuals		Total loans to individuals	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF BORROWER						
Philadelphia	10,258	18	6,635	33	16,893	22
Bucks, Delaware, and Montgomery Counties	31,897	57	8,594	43	40,491	53
Total 4 counties	42,155	75	15,229	76	57,384	75
Rest of 10-county area	5,830	10	4,771	24	10,601	14
Outside 10-county area	8,072	15			8,072	11
Total	56,057	100	20,000	100	76,057	100

TABLE 6
(Ex. D-66, III)

LOANS TO INDIVIDUALS

GEOGRAPHICAL DISTRIBUTION OF DEFENDANTS' COMBINED LOANS TO INDIVIDUALS

[000 omitted in following $ amounts]

Type of loan	Consumer credit and other installment loans		Single payment loans to individuals		Total	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF BORROWER						
Philadelphia	30,356	27	45,674	52	76,030	38
Bucks, Delaware and Montgomery Counties	41,714	38	25,184	29	66,898	34
Total 4 counties	72,070	65	70,858	81	142,928	72
Rest of 10-county area	6 728	6	7,677	9	14,405	7
Rest of 3d F.R.D.	21,891	20	4,655	5	26,546	14
Northeast U.S. outside 3d F.R.D.	10,405	9	2,643	3	13,048	7
Rest of U.S.	.....	.....	1,542	2	1,542	nom.
Foreign	.....	.....	.....	.....	.....	.....
Total	111,094	100	87,375	100	198,469	100

d. *Real estate loans.*

(264)

TABLE 7
(based on Ex. D-64)

REAL ESTATE LOANS BY LOCATION OF BORROWER, SEPTEMBER 21, 1960

[add 000 to $ figures]

Size of loan	Four-county total	All other areas	Percent in four-county area
	PNB		
Under $50,000	$29,793	$5,258	85
$50,000 and over	17,742	11,426	61
Total	47,535	16,684	74
	Girard		
Under $50,000	$17,374	$537	97
$50,000 and over	11,126	4,806	70
Total	28,500	5,343	84
	Combined		
Under $50,000	$47,167	$5,795	89
$50,000 and over	28,868	16,232	64
Total	76,035	22,027	78

b

Plaintiff's Findings.

2. Lines of Credit, September 1960.

67

Table 8

LINES OF CREDIT $50,000 OR MORE
(based on Ex. G–17(s) and G–18(s))

[add 000 to $ figures]

	Four-county area	Other Pennsylvania	All other areas	Total
		PNB		
Number of lines	553	98	297	948
Dollar volume	$343,748	$51,538	$325,952	$721,238
Percent of total:				
Number of lines	58.3	10.3	31.3	99.9
Dollar volume	47.7	7.1	45.2	100.0
		Girard		
Number of lines	433	66	215	714
Dollar volume	$278,130	$44,095	$153,500	$475,725
Percent of total:				
Number of lines	60.6	9.3	30.1	100.0
Dollar volume	58.5	9.3	32.2	100.0

Table 9

ALL LINES OF CREDIT
(based on Ex. D–68)

[add 000 to $ figures]

	Four-county area	Outside four-county area	Percent in four-county area
PNB	$394,597	$555,810	41
Girard	339,965	210,297	62
Combined	734,562	766,125	49

3. Personal Trusts.

(268)

Table 10
(based on Ex. D-69, III)

GEOGRAPHICAL SOURCE OF PERSONAL TRUST BUSINESS BY NUMBER OF ACCOUNTS

Type of trust account	Four-county total	All other areas total	Percent in four-county area
	Girard		
Exec'r & Adm'r	254	62	80.3
Tr. under deed	1,552	1,217	56.0
Tr. under will	2,270	473	82.7
Guardian	235	15	94.0
Active Life Ins.	236	82	74.2
Cemetery Trust	478	9	98.1
Inactive Life Ins.	1,252	429	74.4
Investm. Advisory	296	181	62.1
Custodian Acct.	386	224	63.3
Pension & Prof. Sh.	320	97	76.7
Total	7,279	2,789	72.3
	PNB		
Exec'r & Adm'r	119	8	93.7
Tr. under deed	487	35	93.3
Tr. under will	479	3	99.4
Guardian	307	7	97.8
Cemetery Trust	196	0	100.0
Investment Mg'mt	61	8	88.4
Custodian	102	64	61,4
Pension & Prof. Sh.	74	29	71.8
Consultation	1	1	50.0
Misc.	607	1	99.8
Total	2,433	156	94.0

(269) and (270)

4. Time and Savings Deposits.

Table 11
(From Ex. D-30, p. 1)

AMOUNT OF TIME AND SAVINGS DEPOSITS—DAILY AVERAGE FOR JUNE 1960 DISTRIBUTED ACCORDING TO LOCATION OF CUSTOMER

Type of deposit	In four-county area (millions)			Outside four-county area (millions)			Total (millions)			Percent outside four-county area			Percent inside[1] four-county area		
	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total
1. Savings deposits, individuals:															
Under $10,000 each	87.2	100.4	187.6	5.1	2.7	7.8	92.3	103.1	195.4	5.5	2.6	4.0	94.5	97.4	96.0
$10,000 each and over	3.0	.1	3.1				3.0	1	3.1				100.0	100.0	100.0
Total	90.2	100.5	190.7	5.1	2.7	7.8	95.3	103.2	198.5	5.5	2.6	3.9	94.7	97.4	96.1
2. Time deposits, partnerships and corporations:															
Under $10,000 each	.1	.1	.2				.1	.1	.2				100.0	100.0	100.0
$10,000 and over	6.0	7.0	13.0	4.5	1.8	6.3	10.5	8.8	19.3	42.9	20.5	32.6	57.1	79.5	67.4
Total	6.1	7.1	13.2	4.5	1.8	6.3	10.6	8.9	19.5	42.4	20.2	32.4	57.6	79.8	67.6
3. Time deposits, foreign banks (all over $10,000 each)				13.4	1.7	15.1	13.4	1.7	15.1	100.0	100.0	100.0			
4. Time deposits, domestic banks (all over $10,000 each)	1.0	9.5	10.5		1.3	1.3	1.0	10.8	11.8		12.0	11.0	100.0	88.0	89.0
5. Time deposits, States and political subdivisions (all over $10,000 each)	5.0	3.5	8.5	.3	.2	.5	5.3	3.7	9.0	5.7	5.4	5.6	94.3	94.6	94.4
Total time and savings deposits	102.3	120.6	222.9	23.3	7.7	31.0	125.6	128.3	253.9	18.6	6.0	12.2	81.4	94.0	87.8

[1] Figures in this column have been computed from the percentage figures on the original exhibit supplied by the defendants.

(269) Total time and savings deposits:

	Inside four-county area		Outside four-county area	
	Million dollars	Percent	Million dollars	Percent
PNB	102.3	81.4	23.3	18.6
Girard	120.6	94.0	7.7	6.0
Combined	222.9	87.8	31.0	12.2

(270) Time deposits of partnerships and corporations:

	Inside four-county area		Outside four-county area	
	Million dollars	Percent of total	Million dollars	Percent of total
PNB	6.1	57.6	4.5	42.4
Girard	7.1	79.8	1.8	20.2
Combined	13.2	67.6	6.3	32.4

(271)

5. Demand Deposits.

Table 12
(From Ex. D-30, p. 2)

AMOUNT OF DEMAND DEPOSITS—DAILY AVERAGE FOR JUNE 1960 DISTRIBUTED ACCORDING TO LOCATION OF CUSTOMER

Type of deposit	In four-county area (millions)			Outside four-county area (millions)			Total (millions)			Percent outside four-county area			Percent inside[1] four-county area		
	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total	PNB	Girard	Total
1. Demand deposits, individual:															
Under $10,000 each	47.8	84.9	132.7	.5	9.8	10.3	48.3	94.7	143.0	1.0	10.3	7.2	99.0	89.7	92.8
$10,000 each and over	24.0	45.6	69.6	4.5	9.2	13.7	28.5	54.8	83.3	15.8	16.8	16.4	84.2	83.2	83.6
Total	71.8	130.5	202.3	5.0	19.0	24.0	76.8	149.5	226.3	6.5	12.7	10.6	93.5	87.3	89.4
2. Demand deposits, partnerships and corporations:															
Under $10,000 each	28.3	26.1	54.4	.3	3.0	3.3	28.6	29.1	57.7	1.0	10.3	5.7	99.0	89.7	94.3
$10,000 each and over	245.5	177.2	422.7	140.7	53.3	194.0	386.2	230.5	616.7	36.4	23.1	31.5	63.6	76.9	68.5
Total	273.8	203.3	477.1	141.0	56.3	197.3	414.8	259.6	674.4	34.0	21.7	29.3	66.0	78.3	70.7
3. Demand deposits, foreign banks	......	......	......	[2]19.0	4.7	23.7	[2]19.0	4.7	23.7	100.0	100.0	100.0	......	......	......
4. Demand deposits, domestic banks:															
Under $10,000 each		.6	.6	.4	......	.4	.4	.6	1.0	100.0	......	40.0	......	100.0	60.0
$10,000 or over	14.1	40.5	54.6	154.5	35.8	190.3	168.6	76.3	244.9	91.6	46.9	77.7	8.4	53.1	22.3
Total	14.1	41.1	55.2	154.9	35.8	190.7	169.0	76.9	245.9	91.7	46.6	77.6	8.3	53.6	22.4
5. Demand deposits, U.S. Government	47.0	23.2	70.2	......	......	......	47.0	23.2	70.2	......	......	......	100.0	100.0	100.0
6. Demand deposits, States and political subdivisions	26.7	6.3	32.9	23.8	3.4	27.2	50.5	9.6	60.1	47.1	35.4	45.3	52.9	64.6	54.7
Total demand deposits	433.4	404.3	837.7	343.7	119.2	462.9	777.1	523.5	1,300.6	44.2	22.8	35.6	55.8	77.2	64.4

[1] Figures in this column have been computed from the percentage figures on the exhibit supplied by the defendants.

[2] Includes 0.4 under $10,000.

(271) **All demand deposits:**

	Inside four-county area		Outside four-county area	
	Million dollars	Percent	Million dollars	Percent
PNB	433.4	55.8	343.7	44.2
Girard	404.3	77.2	119.2	22.8
Combined	837.7	64.4	462.9	35.6

(272)

TABLE 12A
(Compiled from Ex. D-30, p. 2)

IPC DEMAND DEPOSITS—DAILY AVERAGE, JUNE 1960

	Inside four-county area		Outside four-county area	
	Million dollars	Percent of total	Million dollars	Percent of total
PNB	345.6	70.3	146.0	29.7
Girard	333.8	81.6	75.3	18.4
Combined	679.4	75.4	221.3	24.6

6. All IPC Time and IPC Demand Deposits, June 1960.

(273) and (274)

Table 13
(Ex. D-61, p. 1)

TIME DEPOSITS

1. GEOGRAPHICAL DISTRIBUTION OF DEFENDANTS' SAVINGS AND BUSINESS TIME DEPOSITS

[000 omitted in following $ amounts]

Type of deposit	Savings deposits						Business time deposits					
	PNB		GTCXB		Combined		PNB		GTCXB		Combined	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF DEPOSITOR												
Philadelphia			60,713	58			5,626	53	6,862	77	12,488	64
Bucks, Delaware and Montgomery Counties			39,779	39			518	5	197	2	715	4
Total 4 counties	90,243	95	100,492	97	190,735	96	6,144	58	7,059	79	13,203	68
Rest of 10-county area	3,230	3	1,556	2	4,786	6	716	7			716	4
Rest of 3d F.R.D.	1,846	2	1,149	1	2,995	2	63	1	1,146	13	1,209	6
Northeast U.S. outside 3d F.R.D.							2,934	27	306	2	3,240	16
Rest of U.S.							240	2	89	1	329	2
Foreign							514	5	322	4	836	4
Total	95,319	100	103,197	100	198,516	100	10,611	100	8,922	100	19,533	100

(275)

TABLE 14
(Ex. D-60, p. 1)

DEMAND DEPOSITS

I. GEOGRAPHICAL DISTRIBUTION OF DEFENDANTS' DEMAND DEPOSITS OF INDIVIDUALS

[000 omitted in following $ amounts]

	Philadelphia National Bank		Girard Trust Corn Exchange Bank		Combined	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF DEPOSITOR						
Philadelphia	40,844	53	83,703	56	124,547	55
Bucks, Delaware and Montgomery Counties	30,952	40	46,788	31	77,740	34
Total, 4 counties	71,796	93	130,491	87	202,287	89
Rest of 10 county area	1,215	1	4,598	3	5,813	2
Rest of 3d Fed. Res. Dist.	1,288	2	10,397	7	11,685	5
Northeast U.S. outside 3d F.R.D	1,374	2	2,700	2	4,074	2
Rest of U.S.	631	1	1,197	1	1,828	1
Foreign	531	1	92	....	623	1
Total	76,835	100	149,475	100	226,310	100

(276) to (279)

TABLE 15
(Ex. D-60, p. 2)

DEMAND DEPOSITS, PHILADELPHIA NATIONAL BANK
II. GEOGRAPHICAL DISTRIBUTION OF DEMAND DEPOSITS OF PARTNERSHIPS AND CORPORATIONS

[000 omitted in following $ amounts]

Size of deposit	Under $10,000		$10,000-$49,999		$50,000-$99,999		$100,000-$499,999		$500,000 and over		Total	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF DEPOSITOR												
Philadelphia	15,610	55	22,647	51	14,582	47	51,584	46	110,886	56	215,309	52
Bucks, Delaware and Montgomery Counties	12,666	44	12,366	28	5,622	18	13,395	12	14,450	7	58,499	14
Total 4 Counties	28,276	99	35,013	79	20,204	65	64,979	58	125,336	63	273,808	66
Rest of 10-county area	220	1	1,421	3	1,386	4	5,590	5	13,480	7	22,097	5
Rest of 3d F.R.D.	94	nom.	1,122	3	1,917	6	3,481	3	6,086	3	12,650	3
Northeast U.S. outside 3d F.R.D.	....	....	4,917	11	5,771	18	21,465	19	30,303	15	62,456	15
Rest of U.S.	....	....	1,459	3	1,923	6	15,569	14	24,138	12	43,119	10
Foreign	....	....	124	1	69	1	462	1	....	....	655	1
Total	28,590	100	44,056	100	31,270	100	111,546	100	199,303	100	414,786	100

TABLE 16
(Ex. D-60, p. 3)

DEMAND DEPOSITS, GIRARD TRUST CORN EXCHANGE BANK
III. GEOGRAPHICAL DISTRIBUTION OF DEMAND DEPOSITS OF PARTNERSHIPS AND CORPORATIONS

[000 omitted in following $ amounts]

Size of deposit	Under $10,000		$10,000-$49,999		$50,000-$99,999		$100,000-$499,999		$500,000 and over		Total	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF DEPOSITOR												
Philadelphia	16,078	55	29,697	70	19,963	66	45,861	62	58,659	71	170,258	66
Bucks, Delaware and Montgomery Counties	10,048	35	6,907	16	4,710	15	7,068	9	4,284	5	33,017	12
Total 4 counties	26,126	90	36,604	86	24,673	81	52,929	71	62,943	76	203,275	78
Rest of 10-county area	642	2	928	2	652	2	1,837	3	520	1	4,579	2
Rest of 3d F.R.D.	2,359	8	1,106	3	2,017	7	5,452	7	7,576	9	18,510	7
Northeast U.S. outside 3d F.R.D.	......	......	2,772	7	2,270	7	9,259	12	8,645	10	22,946	9
Rest of U.S.	......	......	923	1	729	2	4,452	6	2,879	4	8,983	3
Foreign	......	......	154	1	179	1	944	1	......	......	1,277	1
Total	29,127	100	42,487	100	30,520	100	74,873	100	82,563	100	259,570	100

TABLE 17
(Ex. D-60, p. 4)

DEMAND DEPOSITS, COMBINED

IV. GEOGRAPHICAL DISTRIBUTION OF DEFENDANTS' COMBINED DEMAND DEPOSITS OF PARTNERSHIPS AND CORPORATIONS

[000 omitted in following $ amounts]

Size of deposit	Under $10,000		$10,000 and over		Total	
	$ Amt.	Percent	$ Amt.	Percent	$ Amt.	Percent
LOCATION OF DEPOSITOR						
Philadelphia	31,688	55	353,879	57	385,567	57
Bucks, Delaware and Montgomery Counties	22,714	39	68,802	11	91,516	14
Total 4 counties	54,402	94	422,681	68	477,083	71
Rest of 10-county area	862	2	25,814	4	26,676	4
Rest of 3d F.R.D.	2,453	4	28,707	5	31,160	4
Northeast U.S. outside 3d F.R.D.			85,402	14	85,402	12
Rest of U.S.			52,102	8	52,102	8
Foreign			1,932	1	1,932	1
Total	57,717	100	616,638	100	674,355	100

(280)

Total IPC time and demand deposits	Inside four-county area		Outside four-county area	
	Million dollars	Percent	Million dollars	Percent
PNB	441.9	73.9	155.6	26.1
Girard	441.4	84.7	79.8	15.3
Combined	883.3	78.9	235.4	21.1

(282) 7. ALL TIME AND DEMAND DEPOSITS.

All time and demand deposits	Inside four-county area		Outside four-county area	
	Million dollars	Percent	Million dollars	Percent
PNB	535.7	59.3	367.0	40.7
Girard	524.9	80.5	126.9	19.5
Combined	1,060.6	68.2	493.9	31.8

VI. Competition Which Would be Eliminated by the Merger.

A. General.

(286) At present there is substantial direct competition between the head offices of PNB and Girard and this competition will be eliminated if the merger is approved.

(287) Girard is an active and alert competitor of PNB throughout the area in which PNB has banking offices.

(288) Competition between commercial banks in Philadelphia is "fierce" at the present time and will, if the proposed merger is consummated, be "even more vicious."

(289) PNB competes in a variety of ways and on a regular basis to take customers away from Girard, as well as all the other banks in the Philadelphia area, utilizing calls and entertainment, the selling of new services and the bank's stature or lending limit, and every other competitive advantage available; and as PNB increases its services, it increases its ability to attract these customers and its officers expect to obtain more of these customers as a result.

(290) At the time of application to merge, November 15, 1960, PNB and Girard had the following mutual or common account customers who had deposit balances of $10,000 or more with the two banks or loan accounts of $50,000 or more with the two banks.

Type of account	Number of mutual accounts	Balance	
Checking accounts	392	PNB	$163,820,700
		Girard	$101,782,700
Time accounts	8	PNB	$1,149,400
		Girard	$3,094,000
Savings accounts	36	PNB	$736,400
		Girard	$589,500
Loans	67	PNB	$48,949,000
		Girard	$43,599,000

(292) PNB is an active competitor of Girard in the banking services which both banks render.

B. Branches.

(293) The Philadelphia banks compete to acquire banks in the three contiguous counties. The Philadelphia banks compete to acquire desirable branch sites.

(294) In order to maintain its competitive position Girard believes it must keep a strategic branch system.

(295) An important factor to PNB in viewing its relative position in the 69th Street area was the merger of Upper Darby National Bank into Girard. PNB stated:

> This merger will undoubtedly reduce our competitive ability in the area in that it will add a second bank in the area capable of offering its depositors the convenience of both downtown offices and local offices.

(296) At the time PNB decided to locate a branch at 69th Street a particularly important factor in its decision was the need to have a convenient location to protect and retain existing business.

(297) The 69th Street branch of PNB is located next door to a branch of Girard, another Girard branch is 2.9

miles away, and a third Girard branch is 3.8 miles away. The present PNB office at this address will be closed if this merger is approved.

(299) One of the reasons PNB established the Roosevelt Boulevard office was to serve more efficiently and conveniently the customers it had in the area.

(300) Three branches of Girard are within three miles of the Roosevelt Boulevard office of PNB, at distances of 1.6, 2.1, and 2.9 miles respectively.

(301) PNB's nearest branches to the Roosevelt Boulevard office are 5.5 miles and 4.5 miles away.

(302) In addition to the Girard, which eventually did acquire the Ambler National Bank, the Broad Street Trust Co. and PNB also wanted to acquire the Ambler Bank, and representatives of those banks discussed acquiring the bank with directors of the Ambler National Bank.

(303) The Suburban Station office of Girard is just one mile from PNB office at 3131 Market Street.

(304) The Girard has an office 1.25 miles from the Front Street Office of PNB.

(305) The Erie and Castor Avenue Office of PNB is just one mile from the nearest branch of Girard.

(306) The Front and Allegheny Office of PNB is only .875 of a mile from the Germantown and Lehigh Office of Girard.

(307) The Ardmore Office of PNB is proximate to several offices of Girard and some customers of the Girard reside in the area of the Ardmore office.

(308) Competition between the branches of the PNB and Girard is substantial, as shown by the following:

City Offices Within 1 Mile of Each Other

[Add 000]

Girard offices	IPC deposits	IPC loans	PNB offices	IPC deposits	IPC loans
Main office and suburban station.	$211,000	$58,000	Main office	$621,880	$220,378
			421 Chestnut	70,252	51,881
			9th and Chestnut	9,841	421
			3 Penn Center Plaza	4,352	1,207
			3131 Market	9,050	685
2721 Germantown Ave.	10,100	3,400	7th and Dauphin	7,582	1,285
			Front and Allegheny	7,473	1,236
2d and Chestnut	28,400	17,300	421 Chestnut	70,252	51,881
3d and Arch			9th and Chestnut	9,841	421
Orthodox and Torresdale	[1] 29,600	[1] 4,300	Erie and Castor	17,798	6,283
437 N. 63d	4,400	2,000	6012 Market	780	311
12th and Spring Garden	11,000	4,100	9th and Chestnut	9,841	421
			3 Penn Center Plaza	4,352	1,207
Suburban Offices Within 2 Miles of Each Other					
Yeadon	11,506	2,900	6012 Market	780	311
Haverford and Essex	5,101	9,000	75 St. James Pl.	3,001	2,087
18 East Wynnewood Rd.	15,631	5,500	75 St. James Pl.	3,001	2,087
6910 Market	21,400	16,900	6012 Market	780	311
Total	348,138	123,400		352,608	286,213

[1] Includes office at 4700 Frankford Avenue.

(309) There is a substantial amount of competition between most of the offices of PNB within Philadelphia and one or more of the offices of Girard.

(310) All eleven of the offices of Girard in the City of Philadelphia as shown on Exhibit D-12 are in competition with one or more offices of PNB.

(311) All of the branches of PNB and Girard located in Delaware County are at least potential competitors of a branch of the other bank.

(312) In Montgomery County, the branch of PNB at 75 St. James Place, Ardmore, is in actual direct competition with the Wynnewood branch of Girard. All other branches of the two defendants in this county are at least potential competitors of a branch of the other bank.

(313) Commercial customers with accounts in the following offices of PNB as of November 22, 1960, also had accounts with Girard:

Office of Philadelphia National	*Number of accounts*
Bucks County	6
Chester-Cambridge	5
Montgomery Office	6
Penn Center Office	1
Ardmore Office	1
Gimbels Office	1
Lansdale Office	4
Conshohocken Office	7
Northeast	22
Hatboro Office	3
Total	56

(314) The branches of PNB are in substantial direct competition with the branches of Girard in the area of business loans of $50,000 and over.

(315) In the opinion of the vice president of the consumer credit department of Girard, branches of the Girard which are five miles from a branch of PNB compete with that branch for the making of personal loans.

C. Loans.

1. General:

(316) PNB competes with Girard for commercial and industrial loans, in single payment loans to individuals, in loans on residential property, in loans on business properties, in loans on securities, in installment loans on automobiles, in installment loans on consumer goods, and in a miscellaneous variety of other loans.

(317) The average rate charged for loans in the foreign department of PNB on November 15, 1960, was 4.849 per cent, and for Girard the average rate was 5.28 per cent. In the area of commercial loans, PNB's average rate was 5.45 per cent and Girard's average rates were 5.18 per cent on collateral loans and 5.26 per cent on other commercial loans. The average rate on loans in PNB's time credit department was 9.95 per cent and the average rate in Girard's consumer credit department was 9.06 per cent. All of the above rates are simple interest rates.

2. COMMERCIAL AND INDUSTRIAL LOANS.

(318) Of the total commercial and industrial loans of PNB in the four-county area on October 5, 1955, 78.97 per cent were for $50,000 or less. Of the total commercial and industrial loans of Girard in the four-county area on October 5, 1955, 64.27 per cent were for $50,000 or less.

(320) The merger of PNB and Girard would completely eliminate all competition between them in commercial and industrial loans.

3. LOANS TO INDIVIDUALS, INSTALLMENT AND SINGLE PAYMENT.

(321) Girard and other Philadelphia banks are competitors of PNB in the consumer credit field.

(322) In 1960 PNB had 17 per cent of its total loaned funds committed to loans to individuals for household, family, and other personal expenditures and Girard had 31 per cent of its total loaned funds committed to that category.

(323) PNB and Girard make personal loans; PNB competes with Girard for personal loan business. PNB and Girard are competitors for the consumer credit business.

(324) Both PNB and Girard offer an executive loan service, which is a form of personal loan service; PNB competes with Girard in offering such service.

(325) PNB will cut its interest rate to meet competition in some cases.

(327) Generally the interest rates charged by Girard on equipment loans are higher than those charged by PNB. Officers of the defendants have expressed uncertainty as to which of the two rates should be followed if this merger is approved. In this connection they pointed out to superiors that if the lower of the two rates are to be followed

the resulting bank's income will suffer, both on equipment loans and in other categories where rates vary.

(328) The recommendation of the equipment loans task force committee composed of officers of both defendants was that Girard's higher consumer credit interest rates be utilized by the resulting bank rather than the simple interest basis on which PNB makes equipment loans. The committee believed that competition would be such that the merged bank could obtain the higher rate.

(332) The merger of PNB and Girard would completely eliminate all competition between them in loans to individuals, both installment and single payment.

4. Real Estate Loans.

(336) The merger of PNB and Girard would completely eliminate competition between them in real estate loans.

D. Trusts.

(337) PNB competes with Girard for trust business.

(338) Since PNB entered the trust business in 1951, when it acquired the Ninth Bank and Trust Company and that bank's \$17-million in trust assets, PNB's trust assets have grown to approximately \$400 million. Girard administers approximately \$2.5-billion of trust assets.

(339) PNB is a potential competitor of Girard in those trust services which it does not now provide.

(340) Both PNB and Girard offer common trust fund plans, a very popular form of investment for smaller trust assets. PNB competes with Girard for this type of business.

(341) Both PNB and Girard offer estate planning services to individuals. PNB competes with Girard for such business.

(342) PNB as of November 15, 1960, had 2,570 personal trust accounts and Girard had 7,755 such accounts for a total of 10,325. In dollar volume, the assets under these trusts amounted to $361,300,000 for PNB and $2,248,206,000 for Girard, or a total in excess of $2,600,000,000.

(343) Both PNB and Girard act as trustees in administering pension and profit-sharing funds for corporations. PNB competes with Girard for this business.

(344) PNB as of November 15, 1960, had 58 trustee and fiscal agency corporate trust accounts and Girard had 141 such accounts. The number of bond and coupon paying agencies were 65 and 158 for the respective banks, stock transfer agencies were 26 and 57 respectively, and PNB had 18 registrar accounts compared with 52 for Girard.

(345) Both PNB and Girard offer investment advisory services to individuals and corporations. PNB and Girard compete for such business.

(347) The merger of PNB and Girard would completely eliminate competition between them for trust business.

E. Deposits.

1. Time Deposits.

(348) PNB competes with Girard for time deposits of individuals, partnerships, and corporations, for time deposits of state and political subdivisions, and for time deposits of banks.

(349) On February 1, 1961, officers of the defendants compared seven existing practices of Girard with the practices of PNB in paying interest and assessing charges on savings accounts. In every instance the practice followed by Girard was more favorable to the bank than the practice of PNB. In every instance it was recommended

that the Girard practice or one even more lucrative for the resulting bank be adopted. It was estimated that these practices had resulted in a saving of $138,000 in the interest Girard paid its savings depositors in 1960.

(351) The merger of PNB and Girard would completely eliminate competition between them for time deposits.

(353) The merger of PNB and Girard would completely eliminate competition between them for time and savings deposits.

2. Demand Deposits.

(355) PNB and Girard offer all kinds of checking accounts, including regular checking and special checking accounts. PNB competes with Girard in offering such checking account services.

(356) On November 15, 1960, there were 392 checking accounts in which a depositor maintained a balance of at least $10,000 in either PNB or Girard and also carried a balance in the other; these mutual accounts totaled over $265 million, of which PNB held over $163 million, and Girard over $101 million.

(358) The merger of PNB and Girard would completely eliminate competition between them for demand deposits.

(360) The merger of PNB and Girard would completely eliminate competition between them for IPC demand deposits.

F. Other Areas of Competition.

(363) PNB competes with Girard for the business of correspondent banks.

(364) Both PNB and Girard offer their correspondent banks various services, including investment advice, clearance of checks, proof transactions, and collection of items.

(365) PNB competes with Girard in offering foreign department services to customers.

(366) PNB operates the largest foreign department of all banks in Philadelphia.

(367) Girard operates the second largest foreign department in Philadelphia.

(368) PNB competes with Girard in offering lock box services to corporate customers.

(369) Both PNB and Girard offer special tuition financing plans to individuals. PNB competes with Girard in offering such service.

(370) PNB provides a bank credit card service, and Girard provides a ready credit service, which are similar services and competitive.

(371) Both PNB and Girard offer account reconciliation services and compete with each other in offering such services.

(372) Both PNB and Girard compete actively in offering many services to customers in the four-county area and elsewhere.

(373) The merger of PNB and Girard would completely eliminate competition between them in the many services which they both offer.

VII. Increase in Concentration as a Result of the Merger.

A. Increase in Banking Concentration Generally.

(374) As of December 31, 1960: (1) the largest 100 banks in the United States representing 0.74% of all com-

mercial banks held $105,837,000,000 of deposits representing 46.2% of the deposits of all commercial banks in the United States, (2) the largest 10 banks representing 0.074% of all commercial banks held $46,436,000,000 of deposits representing 20.3% of the deposits of all commercial banks in the United States, (3) the largest commercial bank in the United States representing 0.0074% of all commercial banks in the United States held $10,285,000,000 of deposits representing 4.5% of the deposits of all commercial banks.

(375) As of June 30, 1956 in 124 cities with population between 50,000 and 100,000 there were 113 in which the largest bank had 35% or more and 66 in which the largest bank had 50% or more, of the banking resources in the city.

(376) As of June 30, 1956 in 38 cities with population between 100,000 and 150,000 there were 33 in which the largest bank had 35% or more, and 15 in which the largest bank had 50% or more, of the banking resources in the city.

(377) As of June 30, 1956 in 13 cities with population between 150,000 and 200,000 there were 11 in which the largest bank had 35% or more, and 3 in which the largest bank had 50% or more, of the banking resources in the city.

(378) As of June 30, 1956 in 9 cities with population between 200,000 and 250,000 there were 7 in which the largest bank had 35% or more, and 4 in which the largest bank had 50% or more of the banking resources in the city.

(379) As of June 30, 1956 in 6 cities with population between 250,000 and 300,000 there were 4 in which the largest bank had 35% or more of the banking resources in the city.

(380) As of June 30, 1956 in 5 cities with population between 300,000 and 350,000 there were 5 in which the largest bank had 35% or more, and 3 in which the largest bank had 50% or more, of the banking resources in the city.

(381) As of June 30, 1956 in 4 cities with population between 350,000 and 400,000 there were 3 in which the largest bank had 35% or more, and 1 in which the largest bank had 50% or more, of the banking resources in the city.

(382) As of June 30, 1956 in 7 cities with population between 400,000 and 500,000 there were 4 in which the largest bank had 35% or more of the banking resources in the city.

(383) As of June 30, 1956 in 18 cities with population of 500,000 and over there were 10 in which the largest bank had 35% or more, and 4 in which the largest bank had 50% or more, of the banking resources in the city.

(384) As of June 30, 1956 of 224 cities with population of over 50,000 there were 190 in which the largest bank had 35% or more, and 96 in which the largest bank had 50% or more, of the banking resources in the city.

(387) There were 69 commercial banks in Bucks, Montgomery and Delaware Counties in 1947; in 1956 there were only 39 such banks.

(388) The percentage of total bank assets controlled by the four largest banks in the four-county area was 49 per cent in 1947 and 64½ per cent in 1956.

(389) Of the 31 banks eliminated through acquisitions in Bucks, Montgomery and Delaware Counties from 1947 to 1956, 14 were acquired by other banks within their own counties and 17 were acquired by Philadelphia banks across county lines.

(392) In a number of mergers of four-county area banks with Philadelphia banks the terms offered by the latter were so attractive that stockholders of the local institution concluded their investment would be more profitable if they became part of the Philadelphia bank offering to merge than if they continued in their own locality as an independent bank.

(393) A Philadelphia bank which succeeds in locating a branch near a business firm located in a suburban area which also relies on downtown Philadelphia banks is in a better position to compete for the loan and other banking business of such a firm than is a Philadelphia bank which does not have such a branch or a much smaller local bank.

(394) At the present time, in terms of total assets, the largest bank in Philadelphia is The First Pennsylvania Banking & Trust Company, the second largest is PNB, and the third largest is Girard.

C. Prior Mergers by Defendants and Competition Eliminated by Such Mergers.

(432) A substantial part of the present size of both PNB and Girard has been achieved as the result of mergers and consolidations in the last ten years.

For PNB in the period December 31, 1949, to December 31, 1959, acquisitions and consolidations of other banks accounted for 63 per cent of total deposit growth, 12 per cent of total loan growth, and 59 per cent of total asset growth.

For Girard in the same period, acquisitions and consolidations accounted for 91 per cent of total deposit growth, 37 per cent of total loan growth, and 85 per cent of total asset growth.

(433) The largest share of the growth of PNB and Girard between Dec. 31, 1949, and Dec. 31, 1959, has been

by acquisition of other banks. The extent of this growth as a percentage of deposits, loans, assets and capital accounts on Dec. 31, 1949, is as follows:

	Deposits	Loans	Assets	Capital accounts
PNB	Percent	Percent	Percent	Percent
Growth by acquisition	26	28	26	26
Other growth	15	204	18	24
Total growth	41	232	43	50
GIRARD				
Growth by acquisition	186	170	185	163
Other growth	19	289	33	100
Growth by sale of stock				25
Total growth	205	459	218	288

PNB ACQUISITIONS.

(434) PNB launched its merger program in 1950 because of management's belief that if PNB was to maintain its position, the quality of its services, and its reputation, it could no longer confine itself solely to the wholesale banking business.

(435) The Philadelphia National Bank acquired the Ninth Bank & Trust Company on September 21, 1951.

At the time of its acquisition by PNB, the Ninth Bank & Trust Company competed with PNB in making certain loans to larger corporations in the northeast section of the city of Philadelphia.

Prior to the acquisition of the Ninth Bank & Trust Company in 1951, PNB was not in the so-called retail bank business; PNB was a wholesale bank and at the end of 1950, of its 11,000 to 12,000 accounts, 1,000 accounts were represented by correspondent banks and foreign accounts.

The acquisition in 1951 by PNB of the Ninth Bank & Trust Company marked the entry of PNB into the personal trust business.

At the time of this acquisition, both PNB and the Ninth Bank & Trust Company were engaged in the commercial and industrial loan business and competed with each other with respect to certain industrial corporations and large individual depositors.

(436) The PNB acquired the First National Bank of Conshohocken on September 25, 1953.

The move across county lines by PNB in acquiring the First National Bank of Conshohocken was opposed by various banks in Montgomery and Bucks Counties.

At the time of this acquisition, PNB and the First National Bank of Conshohocken were in direct competition for large corporate and borrowing accounts in Conshohocken.

The larger industrial corporations in Conshohocken maintained accounts in PNB's central city office, 15 or 16 miles distant.

(437) Aggressive expansion programs, including the acquisition of other banks, by the Pennsylvania Company for Banking & Trusts (now the First Pennsylvania Banking & Trust Co.) and the Girard had, by 1953, put these banks in a position to "breathe down the neck" of PNB, thus threatening its claim to being the largest bank in Philadelphia.

(438) PNB used the aggressive expansion programs of its nearest rivals, the Pennsylvania Company for Banking & Trusts (now the First Pennsylvania Banking & Trust Co.) and Girard, to justify in part its acquisition in 1953 of the National Bank of Conshohocken when discussing this acquisition with an official representative of the Comptroller of the Currency.

(439) PNB acquired the Chester-Cambridge Bank & Trust Company on February 20, 1954.

(440) PNB acquired the First National Bank of Lansdale on February 20, 1954.

At the time of this acquisition, both PNB and the First National Bank of Lansdale competed for the larger corporate accounts in the Lansdale area.

(441) PNB acquired the Montgomery National Bank of Norristown on February 20, 1954.

At the time of this acquisition, both PNB and the Montgomery National Bank of Norristown competed for the commercial and industrial loan business of the larger corporate concerns in the Norristown area.

(442) PNB acquired The Hatboro National Bank on December 9, 1955.

At the time of this acquisition PNB and The Hatboro National Bank competed for commercial and industrial loan business from corporations in the Hatboro area.

(443) PNB acquired The Citizens National Bank of Pottstown on December 9, 1955.

At the time of this acquisition PNB and The Citizens National Bank of Pottstown competed in the commercial and industrial loan area.

(444) PNB acquired The Delaware Valley Bank & Trust Company on November 9, 1956.

At the time of this acquisition, PNB and The Delaware Valley Bank & Trust Company competed in offering comercial and industrial loans.

(445) PNB acquired The Gimbel Brothers Bank & Trust Company on July 11, 1958.

At the time of this acquisition, PNB and The Gimbel Brothers Bank & Trust Company competed for savings and personal checking accounts.

(446) The nine acquisitions made by PNB since 1951 added the following offices, loans, and deposits:

Date	Bank	Number of offices	Loans (add 000)	Deposits (add 000)
9-21-51	9th Bank & Trust	5	$6,677	$50,739
9-25-53	1st Natl. Bank of Conshohocken	1	3,409	14,890
2-20-54	Chester-Cambridge Bank & Trust	2	6,647	26,978
2-20-54	1st Natl. Bank of Lansdale	1	5,627	14,472
2-20-54	Montgomery Natl. Bank of Norristown	1	1,788	10,401
12- 9-55	Hatboro Natl. Bank	1	2,795	9,118
12- 9-55	Citizens Natl. Bank & Trust of Pottstown	1	3,633	8,478
11- 9-56	Delaware Valley Bank & Trust	5	11,502	26,124
7-11-58	Gimbel Bros. Bank & Trust	1	.0	11,768

GIRARD ACQUISITIONS.

(447) By 1950 Girard decided that a program of bringing a more complete line of services to bank customers in areas not conveniently located near its main office by establishing new branch offices would be too costly and could not be completed in time to achieve the progress in the banking business which Girard desired.

(448) In 1950 Girard decided that it could rapidly and economically enlarge the retail bank services offered by it and increase the number of offices providing its services by merging with the Corn Exchange National Bank and Trust Company.

(449) By 1950 the Corn Exchange National Bank and Trust Company had established 12 offices in Philadelphia and had developed retail bank services such as consumer credit and special checking accounts.

(450) After the Girard Trust Corn Exchange merger was completed in 1951 that bank surveyed the Philadelphia area with a view to establishing offices in sections of the city in which it was not then represented. In furtherance of this purpose Girard merged with the National Bank of Germantown in the Germantown and Chestnut Hill areas in 1953 and with the North Philadelphia Trust

at Broad Street and Erie Avenue in 1954. When
oth of these banks had only one office.

Girard paid premiums for the offices it acquired
outside of Philadelphia County.

In order to retain some of its old customers
ract the banking business of others who were
the Montgomery County area, contiguous to
Girard acquired in 1957 the National Bank
and the Ambler National Bank, both of which
g three offices in Montgomery County.

few months prior to the time the respective
directors of the Ambler National Bank and
proved the merger of the two banks, and while
ks were still competitors to some extent, repre-
of the two banks discussed the advisability of
r National Bank proceeding to open a new
ce in a new industrial center; the purpose of this
was to determine whether this step would make
er National Bank attractive at a future time as
be acquired by a large Philadelphia bank. The
tional Bank subsequently did establish the pro-
nch, shortly before its merger with Girard.

One of the reasons Girard acquired the Ambler
ank was the fact that Fort Washington Indus-
was being established at the time and a newly
ch of Ambler National in this park presented
participate in the growth of business and
the area.

er made to the Ambler National Bank by the
1955 called for a premium amounting to 89%
urrent net worth and 100% over market value
bler National Bank.

'55 Girard offered to pay the Ambler National
kholders a premium of $501,836, or 89% of the

real net worth of the Ambler National Bank if they would agree to merge with Girard. In terms of the fair market value of the stock of these two banks, the premium offered by Girard was twice the value of the Ambler National stock.

The Ambler National Bank was merged with Girard on October 11, 1957. Ambler National Bank operated offices in Ambler, Flourtown, and Fort Washington.

The Ambler office of Girard does a residential banking business, and serves commercial customers and industrial customers.

(455) Prior to the merger of National Bank of Narberth with Girard, Girard had existing business in the area served by the three offices of Narberth.

Girard and National Bank of Narberth were competitors in the commercial banking business.

(456) The Upper Darby National Bank merged with Girard on April 25, 1958.

At the time Upper Darby National Bank was merged with Girard, Upper Darby operated its main office at 6912 Market St. and eleven branches in Delaware County.

(457) All of the banks acquired by Girard were competitors of Girard.

(458) The six mergers of Girard in the past ten years added the following offices, loans, and deposits:

Date	Bank	Number of offices	Loans (add 000)	Deposits (add 000)
6-15-51	Corn Exchange Natl. Bank & Trust	12	$96,791	$288,618
9-11-53	Natl. Bank of Germantown & Trust	1	9,781	35,371
1-22-54	North Phila. Trust	1	5,409	19,146
10-11-57	Natl. Bank of Narbeth	3	4,467	12,539
10-11-57	Ambler Natl	3	3,568	8,799
4-25-58	Upper Darby Natl	12	22,302	48,311

(460) In the foreseeable future, the president of PNB does not know how big a bank is needed to serve the needs of Philadelphia.

(461) PNB and Girard have already made surveys of possible sites for the opening of additional branch offices should the merger be approved..

VIII. Opinions Submitted on the Proposed Merger Under Section 18(c) of the Federal Deposit Insurance Act, as Amended.

(463) Pursuant to the provisions of section 18(c) of the Federal Deposit Insurance Act, as amended (12 U.S.C.A. § 1828(c)), the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Attorney General were required to submit reports on the competitive factors involved in the proposed merger to the Comptroller of the Currency. These reports were submitted; they have been admitted in this record as Exhibits G-161, G-163, and G-162.

(464) Each of these reports included an analysis of the effect of the proposed merger on banking competition in Philadelphia County and the three contiguous counties of Delaware, Montgomery and Bucks. Both of the banking agencies, as well as the Attorney General, concluded that the proposed merger would have a significant adverse effect on competition in the four county area. The conclusions of these reports are as follows:

A. Federal Reserve Board.

The Board of Governors of The Federal Reserve System asserted that the four counties of Philadelphia, Delaware, Montgomery, and Bucks is the primary banking area to be considered in appraising competitive factors of the proposed merger and concluded that the merger

would alter the present competitive balance between Philadelphia banks to a significant degree. The Board of Governors stated its conclusion as follows:

> The proposed consolidation of two of the three largest banks in the area would substantially lessen both existing and potential competition. The resulting bank would obtain a dominant position, with attending competitive advantages, strongly adverse to the preservation of effective competition.

B. Federal Deposit Insurance Corporation.

The Federal Deposit Insurance Corporation, in summarizing its appraisal of the competitive factors, stated that in Philadelphia and the three contiguous counties in which the Philadelphia banks can have branches, consummation of the proposal ". . . would adversely affect competition to a significant degree." The FDIC stated its final conclusion as follows:

> Therefore, it is concluded that the effect of the proposed consolidation on competition would be adverse as to Philadelphia and immediate suburbs but not adverse in the regional, national, and international fileds of competition.

C. The Attorney General.

The report on competitive factors submitted by the Attorney General of the United States concluded as follows:

> It is the conclusion of this Department that the proposed merger of The Philadelphia National Bank and the Girard Trust Corn Exchange Bank would result in a substantial lessening of commercial banking competition and a tendency toward monopoly in the ways described above. These adverse competitive effects of the merger would not be significantly offset by the

improved competitive position of the resulting bank in relation to the still larger banks in New York and a few other cities.

IX. Analysis of Reasons Advanced for the Merger.

A. Main Reasons Set Forth by Defendants.

Increased Lending Limit and Resources.

(465) PNB and Girard believe that by merging they will be able to increase the total deposits and lendable funds in Philadelphia through an increase in their financing of so-called national and international companies. As a result, they believe, they will have more money to meet the expanding credit needs of business and individuals in the Philadelphia area.

(466) The chief purpose the president of Girard envisioned in seeking to merge with PNB was the increase of deposits in Philadelphia banks which he thought would result from the enlarged bank's ability to attract regional and international business and keep Philadelphia business from going elsewhere for banking accommodations.

(467) The president of Girard considered that the extensive time and effort expended by Philadelphia banks each year in seeking to attract business away from their local competitors had resulted in little if any net gain for any of the banks.

(468) Defendants believe PNB-Girard combined would have the necessary capital resources to build business, improve personnel, increase advertising, establish specialized advisory departments, and better publicize the advantage to businessmen of establishing plants in the Philadelphia community. In their view PNB and Girard separately do not have the resources to be able to do all of these things.

Foreign Department Operations.

(469) PNB and Girard hope that through merger they will be able to expand the operations of their foreign department and in particular secure a larger share of the banking business connected with the port of Philadelphia.

Competition From New York.

(470) PNB and Girard believe that through merger they will be better able to compete with the larger banks in nearby New York City for the business of large companies especially those located in or near Philadelphia.

B. Analysis.

(471) PNB and Girard are both substantial, well-run financial institutions.

(474) Both PNB and Girard are in strong financial condition at the present time and the decision to merge the two banks was not based on financial necessity.